

TO: JAMES L. APP, CITY MANAGER
FROM: BOB LATA, COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: CDBG-FUNDED SEISMIC MITIGATION PROGRAM
DATE: JUNE 1, 2004

Needs: To determine how 2004 Community Development Block Grant (CDBG) funds allocated to the Seismic Mitigation Program will be used.

- Facts:
1. On March 11, 2004, the City Council adopted Resolution 04-45, which allocated \$101,653 to a Seismic Mitigation Program.
 2. Resolution 04-45 provides that the \$101,653 may be used for the following purposes:
 - a. Providing a pool of funds that may be used as local matches for Federal Emergency Management Agency (FEMA) funds for repair of public facilities should such matches be necessary or if FEMA will not fully-fund a project that the City proposes.
 - b. Re-establishing a grant program to assist owners of unreinforced masonry (URM) buildings to prepare or update seismic strengthening plans.
 3. At their meeting of May 18, 2004, the City Council gave first reading to an ordinance to update the City's Seismic Safety Code. Second reading is scheduled for June 1, 2004. This ordinance establishes new technical standards for completing retrofit work on URM buildings.
 4. There are 31 privately-owned URM buildings that need to be retrofitted. Of these 31 buildings, seismic structural design analyses and construction plans (hereafter referred to as "analyses" and "plans") have been prepared for 16. However the analyses and plans for the 16 buildings will need to be reviewed for compliance with the updated Seismic Safety Code; and it is expected that some changes to the plans will be necessary.
 5. Between 1997 and 2001, a total of about \$126,000 in CDBG funds were used to provide grants to owners of URM buildings to have analyses and plans prepared. The average grant came to \$5,039 (which included reimbursing the City for its costs to conduct plan check on each building's analysis and plans). It is estimated that the cost of updating the analyses and plans for the 16 buildings will be about \$1,500 each.
 6. The cost of analyses and plans for all URM buildings, including those that had prior studies, is estimated to range between \$115,000 and \$130,000.

Analysis and
Conclusion:

The City Council has the option of allocating up to a maximum of \$101,653 to assist in preparing analyses and plans for URM buildings. The available funding could cover the cost of 80 – 90% of the design work that needs to be done. The shortfall of \$15,000 - \$30,000 could be handled via the following methods:

- a. Fund the shortfall with 2005 CDBG funds by advancing CDBG program income funds after the Council holds its hearing to award 2005 CDBG funds in March 2005. (Program income are CDBG funds from repaid CDBG-funded loans.) Since 1994, the City has regularly received an average of \$64,000 in program income annually, and never less than \$34,000.)

Note: In advance of a public hearing the City Council cannot guarantee that CDBG funds can be allocated to any activity. Should a situation arise in which the Council found it necessary to use 2005 CDBG funds, including program income, for uses other than the Seismic Mitigation Program, other funds (e.g. general funds) would have to be used if all URM owners were to be reimbursed for the costs of analyses and plans.

- b. Make the 2004 CDBG funds available on a “first-come, first served” basis. Those URM building owners who complete the design work first would receive the available funds. (A related option could be to provide priority funding for properties that have not previously received funding.)
- c. Another option would be to only fund 75% of the cost of plans (which should equate to the amount of available funding for all URM buildings).

Assuming that the Council wishes to make grants to owners of URM buildings, there are two approaches for the City Council to consider:

1. Reimburse the owners of URM buildings upon completion of the preparation of analyses and plans (and prior to completion of the retrofit work); or
2. Reimburse the owners of URM buildings upon completion of the seismic retrofit construction work.

Federal regulations governing the CDBG Program provide different requirements for the two sub-options listed above.

- The first approach is simplest in complying with federal environmental regulations, requiring completion of a simple checklist and filing statements of exemption from the National Environmental Policy Act (NEPA) for each building. Anticipating that the Council may desire this approach, City staff has already completed the federal environmental review process for all of the 31 URM buildings.
- The U.S. Department of Housing and Urban Development (HUD) has advised that the second approach will require that the plans be reviewed by the State Historic Preservation Officer (SHPO) to determine whether the retrofit work would have an effect on historic properties (including those properties that are considered to be “eligible for listing on the National Register of Historic Places”). Based on the City’s experience with two CDBG-funded commercial rehabilitation projects (Ali’s and IOOF Buildings), SHPO review can add several months to the design process and may result in design changes that add to the costs of construction .

The first approach would better enable owners of URM buildings to meet the deadlines contained in the Seismic Safety Code Update for submittal of analyses and plans and obtaining building permits. The second approach could make compliance with the deadlines considerably more difficult.

It is proposed that the grant program provide that the City will reimburse owners of URM buildings for the cost of consultant services after they have already paid the consultants (and submit a copy of the invoice to the City) and after the City Building Division has approved the analyses and plans.

As was done in the previous Seismic Structural Design Study Grant Program, CDBG funds would also be used to reimburse the City for its costs to conduct plan check on the analyses and plans. Generally, such costs amount to about \$500 per URM building.

Policy

Reference: Federal Regulations governing the CDBG Program

Fiscal Impact: The grant program is proposed be 100% funded with CDBG funds and, unless Council directs otherwise, will provide that the City be reimbursed for its costs to conduct plan check on the analyses and plans. If the Council elects to proceed with making grants of CDBG funds to URM building owners, the \$101,653 will not be available to be used for matching funds for making any repairs to public facilities damaged by the San Simeon Quake, if matching funds will be needed to supplement FEMA funds.

- Options:**
- a.** Adopt Resolution No. 04-xx to specify that 2004 CDBG funds allocated to the Seismic Mitigation Program shall be used for making grants to owners of unreinforced masonry buildings for the costs of preparing seismic structural analyses, construction plans, and opinions of probable cost for the seismic retrofitting of their buildings and for reimbursing the City for its costs in conducting plan check. Option A provides that (1) the City will reimburse the owners of URM buildings upon completion of the preparation of analyses and plans (and prior to completion of the retrofit work) and (2) the City will provide funds (\$101,653 and more as necessary from 2005 CDBG funds or other sources) to reimburse all URM owners for the costs of analyses and plans.
 - b.** Same as Option "A," but fund 75% of the cost of the studies.
 - c.** Same as Option "A," but provide priority for property owners who were not previously funded.
 - d.** Amend, modify, or reject the foregoing options.

Prepared By:

Ed Gallagher
Housing Programs Manager

Attachment: Resolution No. 04-XXX

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES TO DETERMINE HOW 2004 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS ALLOCATED TO THE SEISMIC MITIGATION PROGRAM WILL BE USED

WHEREAS, on March 11, 2004, the City Council adopted Resolution 04-45, which allocated \$101,653 in 2004 Community Development Block Grant (CDBG) funds to a Seismic Mitigation Program; and

WHEREAS, Resolution 04-45 provides that the CDBG funds allocated to the Seismic Mitigation Program may be used for the following purposes:

- a. Providing a pool of funds that may be used as local matches for Federal Emergency Management Agency (FEMA) funds for repair of public facilities should such matches be necessary or if FEMA will not fully-fund a project that the City proposes;
- b. Re-establishing a grant program to assist owners of unreinforced masonry (URM) buildings to prepare or update seismic strengthening plans; and

WHEREAS, at their meeting of June 1, 2004, the City Council adopted an ordinance to update the City's Seismic Safety Code, which establishes new technical standards for, and an accelerated schedule of, completing retrofit work on URM buildings; and

WHEREAS, there are 31 privately-owned URM buildings in the City of Paso Robles.

NOW, THEREFORE, BE IT FOUND, DETERMINED, AND RESOLVED, by the City Council of the City of El Paso de Robles as follows:

SECTION 1: In order to facilitate completion of seismic retrofit improvements to the 31 privately-owned URM buildings within the deadlines set forth in the Seismic Safety Code Update Ordinance, thereby providing significant support for protecting the public from the hazards associated with URM buildings, the City Council finds it to be in the public interest to determine that 2004 CDBG funds allocated to the Seismic Mitigation Program be used for providing grants to owners of URM buildings to reimburse them for the costs of preparing structural analyses, construction plans, and opinions of probable costs for the work necessary to seismically retrofit their buildings.

SECTION 2: In order to facilitate issuance of building permits for the seismic retrofit improvements to the 31 privately-owned URM buildings within the deadlines set forth in the Seismic Safety Code Update Ordinance, the City Council determines that the grant program shall provide that grant funds will be disbursed to owners of URM buildings upon completion of the following prerequisites:

1. Owners of URM buildings shall only be eligible for CDBG grant funds if they contract with an engineer or architect that has been pre-qualified by the City of Paso Robles;
2. The Building Division of the Community Development Department of the City of Paso Robles shall approve the structural analysis and construction plans as being in compliance with the Seismic Safety Code Update Ordinance.

3. Owners of URM buildings shall first make payment to the engineer or architect who prepared the structural analysis, construction plans, and opinion of probable costs for all consultant services related to such work, and then present a copy of the invoice from the engineer or architect for such work to the City's Community Development Department;

SECTION 3: The Community Development Department shall prepare a list of structural engineers and architects that are pre-qualified to prepare structural analyses, construction plans, and opinions of probable costs for seismic retrofit work and shall mail copies of said list to owners of URM buildings at the same time that the City Building Official gives the notice required by the Seismic Safety Code Update to each owner of a URM building.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 18th day of May 2004 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk